



The FSD Journal

A monthly guide for insurance agents

reviewing annuity product quality and performance

June

Quality ♦ Integrity ♦ Expertise

2003

In this months issue:

- Annuity Review sales ideas, product comparisons
- SPDA & EIA Rates & Commissions!
- Index Annuity Sales Rise.
- Jefferson Pilot 4 New Index Annuities
- Companies and their ratings.
- We can get you top level contracts!

Multi-Year Lock-in

3.35% FOR 4 YEARS

4.10% FOR 6 YEARS

4.70% AT 10 YEARS

"PRODUCTS ON THE CHOPPING BLOCK"

Rates are still dropping. Lincoln Benefits **Savers Choice** will no longer be available starting 7/1/03. Savers choice is a 5 year product with tiered interest, amounts over \$50,000 have a minimum guarantee of 3.50%. (see spreadsheet inside for details)

The **BONUS 555** from F&G Life has been my favorite product for quite sometime. On 7/1/03 it will no longer be available! A 10 year minimum guarantee of 4.71%, NO MVA, declining surrender, withdraw all accumulated interest at anytime, full death benefit and a 4.00% commission. It does not get any better than this. Agents, buy the 555 for yourselves like I did, and with the commission the minimum yield is 5.10% after 10 years.

"IT'S TIME TO SELL EQUITY INDEXED"

The lower interest environment has made Equity Indexed Annuities a must see product. We have EIAs with terms from 6 to 10 years and 3% minimum guarantees. Today's Indexed Annuities also offer a fixed side, so as interest rates rise the fixed option can be selected to maximize a client's yield. Be in the market with a guaranteed gain. EIAs have free withdrawal provisions, simple to understand crediting methods and great commission.

All of the "UP'S" none of the (down's)!

Indexed Annuities to look at: **F&G's Index Rewards** - 100% of the S&P, Annual Reset & Lock-In, 3% minimum on 100%, 6% Cap (contract minimum cap 5%) 7% Commission
Jefferson Pilot's Route 810 - 100% of the S&P, 2 Year Reset & Lock-In, 2% minimum on 100%, 15% Cap, 6% Commission & A++ Rated

The *Annuity Review*

A variety of sales ideas, product discussions/comparisons and miscellaneous thoughts

T HE PERFECT STORM

In the movie, if you remember, conditions were such that all aspects came together at the right time and the right place to produce a rare and historical event. We are entering a "perfect storm" scenario in the immediate annuity business. I say this because if you look at this market many aspects are coming together to present a "perfect opportunity".

Consider these facts: 1. The fastest growing market in America is the baby boomer market. The part of the US population over 55 will grow from 59 million people to 75 million by 2010. 2. About 23% will need to work to provide needed income. 3. The number one concern regarding retirement is not outliving their money. 4. Over \$7 trillion has been lost in the last 5 years. 5. Immediate annuity sales have doubled in the last 5 years. 6. Investors now realize that guarantees are very important in retirement.

Putting all these factors together opens up a fantastic opportunity to help retirees and make a good sale. Even publications that in the past were negative on SPIA's have come to realize that these products help and are valuable tools to generate income. Most SPIA's are sold through agents. This is a great opportunity to sell a much needed product to a growing population base. We at FSD and myself personally (after all, they do call me Mr. SPIA), would be happy to help you learn this market. With low deferred rates and reduced commissions, the SPIA area is going to become an agent's best friend (it already is the clients). Visit our website at www.fsdfinancial.com and click on Mr. SPIA. We have much more information and statistics regarding SPIA's. Don't delay lest someone else provide this information to your clients. Call us with any questions or for a quote. We are here to help you sell.

Single Premium Immediate Annuity Features And Uses

- Guaranteed Income For Life - Provide your client peace of mind and security!
- Substantial Portion Of Each Payment Received Taxed Free - Exclusion Ratio!
- Money Back Guarantee - At death beneficiary receives unused principal!
- Joint Life Options - Income for as long as either spouse is alive!
- Fund Life Or LTC Premiums - Two sales from one!
- Issue Ages To 95 - Get principal & interest returns in the double digits!
- Income Increases From 1% to 10% Annually - Inflation is not a factor!
- Qualified Rollovers Or 1035 Exchanges - We handle it all for you!
- Split Annuities - Receive an income and all the premium back at the end!

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Companies Finding Their Niche Inside A Specific Rating Categories

As companies ratings have been increasingly looked at as a selling or sticking point in an annuity sale. Most companies we deal with do not have the name recognition of an Allstate or Met Life. So, how do you convince a client that a company they have never heard of will be around in the years to come?

Most company have a detailed brochure on their financial stability, length of time in business and a breakdown of assets. I would suggest that if your client is interested in only highly rated carriers stick with A+ or better. You will want to explain to the client that higher rated a carriers usually have lower yields.

Some insurance companies have found their niche in a certain rating. What this seems to mean is they want to be the most competitive company in a certain rating category. This give the company the flexibility to have higher interest rates than a company with a higher rating and a similar product. So, next time you are worried about that A rated company, take a closer look and see how long and why they are rated that way!

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Next Month in: The *FSD Journal*

Past Performance Scenario Of Equity Index Annuities Since Inception.

We will show the best and worst returns.

USING ANNUITY INCOME INSTEAD OF BANK CD's

Get your clients more income without touching principal!

RATES & TOP LEVEL COMMISSIONS

Deferred & Indexed Annuity Guides
Top Level Producer/Agency Contracts

We Are The Annuity General Agent For The Independent Broker

Open 24 Hours On The Web

Agents love the FSD website Get Licensing, Client Brochures, Request Quotes, Contest Information, Current Rates & Commissions, Order Sales Kits For Email Delivery, and much more!

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